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PRESENTATION

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Good morning. Thank you all for joining us at our Annual Technology and Internet Conference. I'm Toshiya Hari. I cover the semiconductor and semiconductor capital equipment space here at Goldman. I'm very honored and very excited to have with us today Prashanth Mahendra-Rajah, Senior Vice President and CFO; and Michael Lucarelli, Senior Director of Investor Relations from Analog Devices.

I have a list of questions for the team. But for those on the webcast, please feel free to type in your question, and I'll try to get to them towards the latter part of the session.

QUESTIONS AND ANSWERS

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

And with that, Prashanth and Mike, we'd like to get started. First of all, thank you very much for being here with us today, albeit, virtually and supporting conference. I wanted to kick off by asking you to reflect on the last 12 months. 2020 was obviously a very challenging year for the global economy. And for many of us, obviously, but perhaps not as much for the semiconductor industry. But looking back, how and where did the company execute well? And how and where you have done better?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Yes. Thank you, Toshi, first. Thank you for having us, and Happy New Year to you, and Happy New Year to the folks who are joining us for this conference. So when I think back on 2020, certainly a very challenging year and so much happened to so many people and so many companies. But if I think about how ADI performed over 2020, I really look back and saying it was a pretty admirable year for us.

Certainly, the highlight would be the acquisition of Maxim and the work that we did to really look like kicked off a second wave of consolidation in the semiconductor industry in showing that deals could be done virtually and the opportunity we created for both Maxim shareholders and ADI shareholders by constructing a deal as an all-equity deal. I would also say that I'm very proud of how we did in managing our expense. We had some significant revenue headwind, particularly in the first half of the year and we were able to do quite a bit across the company in managing spending to be able to maintain profitability for our shareholders.

I think what also is particularly impressive is the level of customer engagement we were able to maintain in a all virtual environment. We measure customer engagement in part through a quantitative measure of the value of our pipeline and we continue to see significant growth in our pipeline. It's now at record level. I don't -- I would probably kind (inaudible) but our pipeline now is at significant new record highs and that is a pretty significant accomplishment given that those wins and designings were happening in a -- on a virtual basis.

And then maybe wrap that up with I think the work that we did on the ESG side is also something that I'm particularly happy about. First, issuing the company's -- issuing the industry's first ever green bond for a semiconductor establishment of the Analog Devices Foundation, which allowed us to make some contribution to a number of areas that were impacted by COVID and even more operationally what our factories were able to do in prioritizing production of equipment -- or production of chips that were necessary for ventilators and some other hospital required devices that were surging in demand during COVID and our ability to having key people in the factories during that -- during the pandemic and get those customer orders met so that ventilators and pumps and some other hospital equipment could continue to be made available for people who needed them.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

That's great. And then, Prashanth, you touched on obviously, the pandemic. We're clearly not out of the woods yet from a COVID standpoint. I guess it's been roughly a year living with this virus. What are some of the key learnings or findings so far that you as a management team could potentially leverage going forward, even post COVID?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

First, I think, and this probably is a general statement that many companies can share is, I think we underestimated how effective the engineering workforce can be in a work from home environment. We've always been a company that culturally does a lot of collaboration across sites. We have design centers around the world and that's one of the hallmarks of ADI is smaller design centers allow us to tap into talent that is in areas outside of big metropolis areas like Silicon Valley.

So we're used to working in a bit of a more remote fashion, but we typically had done that from an office setting. And what we've learned is that is we can do a lot of work remotely. Not to say there's some impact to the innovation. I think that without some of the human interaction, there's probably some impact to innovation that we'll need to figure out how to continue to do that more effectively as we go forward. But that was clearly the learning.

And then I think perhaps the other area is on the supply chain side. We -- as many companies really saw our supply chain stretch, and as we think about how we run that supply chain on a go-forward basis. First, I'm very happy that we have a hybrid model. I think that hybrid model gives us flexibility that's important. But I believe we can do a better job of using Big Data to influence our inventory levels so that we're prioritizing service and use a larger data set to determine where we need inventory and what inventory we need to make sure that we're able to ensure a high service level for our customers.

I think that our business continuity processes also are areas that we're going to take a good look at as we go forward to think about in the event of something like this recurring, what might we do different to make sure that we're able to manage through kind of the trauma that's put on a supply chain from these types of global events.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. Prashanth, you just touched on the hybrid model that you guys operate on from a manufacturing perspective. There's a lot of investor focus on supply shortages today in semis. And I feel like we wake up to 1 or 2, 3 headlines about auto OEM, A, not being able to produce 1,000 units because of semiconductor shortages. Can you talk a little bit about your ability to supply, not just autos, but your customers today, the overall semiconductor industry's ability to supply? And you talked about liking the hybrid model, but any sort of second thoughts on how you run manufacturing going forward?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Yes. So where we sit today, we're in very good shape. I think we're able to meet the majority of our customer requirements. That's not to say there are some elements of that long tail of products that we make that are stretched on lead times. But we've gone through most of the stress from when lead times spiked as a result of shutting down a number of factories 8, 9 months ago to rebuilding our situations. We're in much, much better shape, and I feel good kind of from here going forward. I would say that if demand continues at sort of the frantic pace that we -- the industry is seeing now, that it will be hard for our supply chain to keep up. And I think that's a more general comment that the whole industry is facing. The result of that, I think, is it's creating pricing opportunities for everyone. And ourselves and many of our peers are looking at how we can pass some of these higher costs as a result of managing this complex and strained supply chain onto our customers. So I think that that's something that, that you'll see us talk more about in the coming quarters.

And in terms of learnings, I think, I go back to what I said, it is -- it's really having a better data set and using Big Data and AI to help drive where we want to have inventory and what levels are appropriate. It is reviewing who should we be serving direct versus through distribution. It is looking at where does consignment make sense. The challenge with a company like ADI that has so many SKUs is not only you have to have the right product, but you need to have it in the right geography and available to the right customer. And so the complexity of having so many SKUs really becomes around availability to our customers. And that's something, I think, that as a result of the pandemic, we're going to put more effort on improving the -- using today's technology to improve our systems to be able to do a better job of that as we go forward.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

And just to stay with this topic, Prashanth, I just want to -- we got a question from a client, from an investor. To the extent there is supply shortage as it relates to your products or just broadly the overall industry, at what point would you expect supply to catch-up to demand? Are we talking months here or quarters? I know it's a tough question, but any thoughts there?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Listen, I think this is so -- yes. There are a lot of elements to that. So let's break down a couple of elements. First, and I'm speaking in generalities for the industry, there is heavy demand patterns, which, I think, ourselves and most of our peers are trying to distinguish how much of that is true demand versus companies believing that a little bit of safety stock, given supply chain constraints, is necessary.

So I am more confident that this is real true demand, but there's probably some noise introduced by excess ordering. Then when you look back on the supply chain, we have the large foundries like TSMC, which is a very big partner of ours, is clearly under strain from the amount of customers that they're facing demand on, and they're working through their challenges.

I think that there are still some pandemic breakouts happening on an isolated basis at third-party OSATs or assembly places that are occasionally taking a site down for a week or so as they go through their protocol. So all of that disruption, heavy demand and constrained supply with these kind of spikes in capacity limits is what's creating a bit of the frantic behavior that we see today. So we are probably -- in my view, we're probably still measuring stability in quarters versus months.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. And I meant to ask about gross margin kind of later in the session. But since you spoke to your ability to potentially raise pricing and some of the constraints there are today from a foundry perspective, how should we think about the puts and takes as we think about your margin profile, given everything that's happening on the pricing front and sort of the wafer cost front?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Yes. Yes. So first, maybe step back and remind folks that our -- we like our model of 70% gross margins, and the goal is to drive top line growth while delivering on that 70% plus, which means that we would rather take more content on the Board at model margins versus opportunistically chase a narrow set of opportunities at higher margins. We believe that overall that provides more leverage to our shareholders against the R&D spend that we have. So the goal is really 70% plus, but focus on top line growth versus, as an example, trying to drive up specifically gross margin activity.

Now against that 70% gross margin -- 70% plus gross margin model, we still have significant tailwind coming in this year from the shutdown of our Hillview or Silicon Valley fab as well as our Singapore test operations. So we have about half of that savings that we talked about in the P&L, another half that will feather in over the course of this fiscal year. And as I did mention, I think there's pricing opportunity that we're going to be -- that we are in the process of kind of working through, and we'll begin communicating that out in the coming weeks as we work through the mechanics of that. But I think all of that will help continue to hold us at model margins despite some of the cost pressures that everyone is facing as a result of the supply constraints.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. Shifting gears a little bit, wanted to talk a little bit about or ask you a little bit about the key revenue growth drivers for your business, both in the near-term and the long-term. Obviously, you guys address a very broad spectrum of end markets, ranging from industrial comms, consumer, automotive, obviously. Based on your current design win pipeline and the feedback from customers, where are the top 3 or 4 end markets or applications, more specifically that you're most excited about for the next 12 to 18 months?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

I would say these are probably the ones that we've spoken about most often over the last couple of quarters. Clearly, the growth in electric vehicles is something that we are very well positioned for, not just with our flagship BMS product, which is the best-performing battery management system out there or wireless BMS derivative of that, the amount of power content that the linear portfolio was giving us in EVs and the secular growth of EVs that is probably going to be accelerated by the Biden administration and really a -- you want to use the term the blue wave of -- that has swept through Congress and their focus on those areas. So I think we are extraordinarily well positioned to capture the growth in EV.

Factory automation is another area that -- it's had many quarters now. Mike, how many quarters of challenges?

Michael C. Lucarelli - *Analog Devices, Inc. - Senior Director of IR*

It's a -- it's been down up until last quarter, 8 quarters in a row.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

8 quarters in a row. So we are -- we've signaled, I think, 2 quarters ago that we're starting to see green shoots. Last quarter, we said we were starting to see growth, and that is -- that continues to be the story for us. So I think that will be a multi-quarter growth story in factory automation, driven by indigenizing supply chains and manufacturing as a result of kind of the stress that the pandemic put on company's ability to supply. I've said this before, but if you are bringing manufacturing onshore into countries that don't have the same labor arbitrage or labor cost levels as you have in Southeast Asia or China, you need to compensate for that, and the best way to compensate for that is through automation of the factories. So it's going to continue to play out well for us for several quarters.

And then third, certainly, communications. We've now demonstrated, and I think it's well understood that we own the 5G space. This is the investments we've made, the software-defined transceiver and the partnerships that we've built with that ecosystem. This is -- there isn't another way to play 5G as broadly across all constituents as really with ADI. And we're still in early innings of that deployment. And the economic returns to carriers for deploying the massive MIMO solutions continue to be very favorable. And I think that, again, early innings, as we continue. U.S. will likely deploy this year, and Europe is still in front of us for probably calendar '22.

Am I missing anything, Mike?

Michael C. Lucarelli - *Analog Devices, Inc. - Senior Director of IR*

I'll say digital health care is another one. If you look at it, it has actually been a business we've been investing in for some time. We've actually -- prepandemic, we've been growing 10% plus in health care. We, obviously, had a very good year last year in health care. Because of pandemic now, what pandemic really did, it showed the stress of the health care systems. I think as you look forward the next 5, 10 years, a lot of secular tailwinds we had and that's a business we've been investing, as I said, ahead of the pandemic.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

And I focus specifically on the ability to measure vital signs at a clinical quality of accuracy, repeatability, robustness. That is really the opportunity. What we saw in the pandemic is, with some assistance from the government, that insurance companies now allow reimbursement of virtual doctor visits. So when you think about kind of those normal visits to your physician, it starts with the interview process, but then there's a variety of vital signs that they will check and then that goes into the diagnosis of what happens next. So on a virtual visit, today, you can't do that diagnostic. You can't -- whether it's temperature, blood pressure, et cetera. So the ability to move measurement of that into the home is really going to be a phenomenal accelerator of that idea of health care from anywhere.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. And then I just wanted to kind of drill down with those -- on those topics. First of all, you talked to BMS and your excitement around EVs more broadly. I wanted to take a step back and ask you to remind the audience, on average, how much content do you have today in a car? And where do you see that going over the next, call it, 3, 4, 5 years?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Mike, you want to take that?

Michael C. Lucarelli - *Analog Devices, Inc. - Senior Director of IR*

Sure, yes. Yes, Toshiya. We haven't really updated our content per car per se since the Analyst Day. In 2017, we said it's a couple of hundred dollars per car. Now it's probably easily in the thousands. Now that's the opportunity. I don't think we'll play in all of those areas. We'll have $1,000 per car. But it's very obvious to see, as you move forward, where the car is more electrified, there's more safety systems, it's all done through semis. Better audio systems, better audio fidelity, that type of stuff. So it's a big theme. So we kind of increasing the car, and we're playing right along with that with electrification in automotive and infotainment.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. And then going back to BMS. Obviously, it's a huge focus for many of us, many of the investors on the line, I presume. Remind us how big is it today as a percentage of revenue? I know it's pretty small, but give us an update there. What type of growth would you expect from the BMS business over the next couple of years? And I guess most importantly, how do you see the competitive landscape evolving over the next couple of years, especially given the traction you're seeing with your wireless BMS offering?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Right. So maybe I'll talk about the business and then Mike can give you kind of help size it. So first, as a reminder, our BMS product is sort of universally recognized by the ecosystem as the highest performing product. So in a full EV -- full EV is a differentiator that helps drive more range. You can measure more accuracy. So you know when you're closer to full and closer to empty, you can use more of that battery's capacity.

And therefore, you can get more range. And as we know, range anxiety is one of the main -- major obstacles that EV companies need to overcome. As a result of that high performance, we have more than half of the top 10 selling full EV vehicles if you measure them on a production unit basis. Our wireless BMS product is something that's been getting terrific traction. We've been very public and frankly, General Motors have been very public on our behalf as well on the level of innovation that, that brings to them in how they design their batteries for their Ultium line.

And some of you may know that GM is looking at providing Ultium to other auto manufacturers outside of their own labels. We have additional wins on that wireless BMS for other very large auto manufacturer. We haven't named that one, but I believe there are some rumors about who that might be. So it's a product that is continuing to gain traction, and we are just in the early stages of that.

So I would expect that as that EV wave continues to roll out and companies are mainly focused on full EVs versus a hybrid solution that the economics of what ADI's wireless BMS product can bring both in performance and in flexibility of how you design your platform is going to continue to be a very, very compelling business case for them. In terms of sizing the business, Mike can give you the vague answer that we share.

Michael C. Lucarelli - *Analog Devices, Inc. - Senior Director of IR*

It's about -- yes, vague answer. It's about 10% of automotive revenue. So you're right. It's not huge today, but it's the fastest-growing sector [of auto]. If you look over the next 5, 10 years, obviously, EV penetration is going to increase. We are a market share leader there, and we bring additional content in there with wireless BMS and adding OEM. So there's no reason to think that business should continue to lead the charge of growth within automotive at least the next 5, 10 years.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. And Prashanth, you talked about factory automation. Earlier, it was down for an extended period of time. It's coming back nicely. How do you think -- how do you view sort of the through-cycle growth profile of that business? Obviously, you're always going to have cycles, but through cycle, what's sort of a steady-state growth rate, if you will? And especially given things like rising labor costs and perhaps your customers rethinking their manufacturing footprint post this pandemic experience.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Yes. I think the key item to remember in factory automation, and it's a bit of a generic term, because for us factory automation really is, it's about Industry 4.0 and modernizing existing factories or new factories that are being built so that you take into consideration safety technologies, communication, the precision measurement of robot and cobot. So it's a pretty holistic space as we think about that factory automation area.

So the challenge with factory automation is it's easier to see the opportunities in greenfield construction, but there is a very wide opportunity set in the retrofit of existing brownfield manufacturing facilities as they deploy capital in a much more selective manner, but the return for them on identifying either pieces of equipment or (inaudible) and upgrading that to be more automated is I think a phenomena that will sustain growth over an extended period of time.

So I think that as we look forward on factory automation, I feel very comfortable that this is a better than GDP growth business over the long run because it is very much content-driven story. It's just the way that will manifest itself will probably be over a longer period because factory capital spending is something that is very much ties to how the economy is, so companies' willingness to spend capital on upgrading existing facilities is really a -- going to be related to their confidence.

Given today's market environment, we're going to see more capital deployment over the next year to 2 years without question because right now there is a lot of exuberance in how the economy is playing out. So I think we'll have stronger growth over the next couple of years, but even when that begins to taper off, I think it will continue to be a better than GDP growth business.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. Give some context on the size of automation for us for investors on the line.

Michael C. Lucarelli - *Analog Devices, Inc. - Senior Director of IR*

Automation is about 20% of industrial or 10% of total revenues and kind of think about how far did it fall over the past 2 years? If you go back to mid-2018. From that point to the trough in 2020, it was down almost 40%. And as Prashanth laid out, there's a lot of growth drivers ahead to bring that in line, if not above that previous peak level.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. In comms, again, Prashanth, you guys are well positioned. From a cyclical standpoint, I think the business has been under a little bit of pressure. A lot of strength in early 2020 for various reasons, more of a slowdown in the second half and you've guided to a fairly muted quarter here as well. That said, you and your peers have spoken to a potential recovery in 2021, more deployments in the U.S. and increasingly, other parts of the world as well. Is that still the view from a market standpoint? And if so, how should we think about the shape of the recovery of your comms business over the next 12 to 18 months?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Yes, so that's still our view that when we look at the communications business, it's both our wired and our wireless. So the wireless business is obviously now highly correlated to 5G deployments. And we feel good about deployments in a couple of Asian countries and then largely the U.S. towards the latter part of this calendar year. And then with Europe likely to deploy next calendar year. And so continued growth there. And as we've said many times, we are largely indifferent to which infrastructure company is chosen by a carrier for deployment because we have very good share at all of them.

And so it is much more for us about the timing of deployment than who is deploying. On the wired side, where we are particularly strong really is in the connectivity between data centers, the more of the metro and long hauls. That's an area that I think is clearly seeing some pause given the amount of investment that happened over the last -- or really over 2020. But we know that -- we know that kind of the demands that are being placed on existing infrastructure from 5G deployments are just going to require more of that connectivity. And so I'm confident that will continue to be a growth area for us, but it may be a little more muted in the first part of the year. What else would we say, Mike? I think probably the bigger drivers, right?

Michael C. Lucarelli - *Analog Devices, Inc. - Senior Director of IR*

Yes, And I think the other piece of it is Huawei. Huawei if you look back at last year, it was 2% to 3% of total sales or 10% to 15% is the math on comm. So that's 0 in our fiscal '21. So that's something to think about when you're modeling our company out into fiscal '21 that Huawei is 0. So it's a headwind to our growth in '21.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

And then on that point Mike, given the restrictions on Huawei, I believe there's a general expectation for market share to transition away from Huawei to the other base station OEMs, maybe not in the short term, maybe it takes a fairly long time. But to the extent that does have and given the positioning at Ericsson, Nokia, Samsung, et cetera, is there something that we should be kind of looking forward to as a potential tailwind, are you starting to see this dynamic play out at all or is it still on the comm?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

First, still on the comm, but again, going back to just the simple math of it, that would be a net tailwind for us because as I mentioned, we have extraordinarily high share at all of the infrastructure carriers. Huawei was our lowest share position because of efforts that they made to make sure that they had enough optionality given the trade wars that were going on. So as that share moves, and if and when it does move, that's going to be a backfit for us because, again, it really doesn't matter to us as much who takes that share. As long as it continues to deploy, we'll do well.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. Shifting gears a little bit. Wanted to ask about the consumer business. It hasn't come up yet. I think you guys have managed the decline at your North American customer over the past couple of years really well. Is consumer a good business for ADI per se? Where is the focus? Is it prioritized or not? How should we think about resource allocation to that business or elsewhere?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Yes. So our strategy on consumer has not changed, and that is that we tightly constrain the R&D that we spend, particularly for that end market. We are very interested in consumer opportunities that leverage existing AI R&D efforts that are currently working in the B2B space or we can -- if we can leverage off of that with limited additional investment, target a consumer opportunity and that opportunity be at model margins, then we are all in.

So the -- we really think about consumer as an opportunity to generate significant free cash flow as it comes -- we will only look at the business if we can get a strong gross margin profile that reflects the innovation that we bring, but we don't have the same type of R&D expense against it so it ends up being very, very accretive to cash flow and it's also as you could imagine almost all consumer ends up being run at third-party foundries, so it's very scalable volume. So expect us to continue to operate in the consumer space.

As a matter of fact, our win pipeline on consumer continues to be quite strong, but it is diversified amongst such a large number of sockets that you won't see the same type of volatility that we had a few years ago from a high ASP and high volume socket. I would also highlight that in the -- in 2020 much of the focus on our M&A success was on Maxim, but buried in 2020 was a really nice deal that we did for HDMI technology that complements our audio expertise quite well and particularly surprising is we -- we've already started winning and going to -- and I think going to production in 2021, some opportunities that came from that acquisition because there were customers who were so desperate for this HDMI technology, but they wanted it to be provided by a company of stature and repute that they knew can continue to supply them. So once the deal closed, they immediately came to us and said we're ready to sign up for volume because we know you can deliver on quality and volumes that we need. So it's been a great deal, but it didn't get a lot of play because of Maxim overshadowed the year.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. We've got about 4, 5 minutes left. I want to spend the rest of the time on Maxim and how you're thinking about M&A and capital allocation more broadly going forward. Prashanth, it's been about, I think, 6 months since you announced the pending merger with Maxim. A couple of questions here. A, what's been the feedback from your stakeholders, not just customers, but stakeholders in general? B, how is the approval process going, obviously, given the geopolitical backdrop since there are reasons to be concerned here? And C, has anything changed in terms of how you're thinking about revenue and cost synergies post close?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Okay. So on the stakeholder side, feedback has been very positive. I would say that customer feedback on the Maxim deal is probably more exuberant than it was on the Linear deal. So customers are very excited about adding Maxim to the ADI portfolio. And the employee base on both sides are encouraged and excited about what the combination and the R&D teams can do together. On the approval process, we continue to be optimistic that we are on track for a summer close, so no new information there. As I mentioned in the earnings call, the U.S. approval came lightning fast, and we're in the process now of working through both Europe and China. In terms of synergy, we are not making an update to our model at this point. But I would say that both teams are working towards day 1 planning. And it's very encouraging when we look at where the opportunities are going to come from. So I would expect us that as we get closer to day 1 or shortly after day 1 we'll be able to update and increase that synergy number.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. You've integrated Hittite and Linear really well over the past several years. Obviously, you're on your way to merge with Maxim. Assuming the Maxim deal closes, post Maxim, is it fair to say that you'd be very comfortable with your technology and product road map and sort of it from a large scale M&A perspective or would you still be in the market to potentially pursue technologies or assets?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Yes, so for us it's a -- Vince has always been focused on does it add scope or does it add scale? I think we're very comfortable with the scale of the company now once the Maxim deal is concluded. So I certainly wouldn't rule out that in future years that there maybe an opportunity that brings some interesting expansion of scope, but it is nothing in the portfolio today that if you were to ask me, what are you missing? We're not -- we wouldn't point anything particular that we're saying we're missing, but the nature of being a technology company is that there are always advancements and always some developments as technology develops. So there is the possibility that we would continue to acquire in the future. But as we've said very clearly, kind of post deal, our focus is on 100% return of free cash flow to shareholders. So look for us to continue to aggressively grow the dividend. Our range is 7% to 15% growth every year. So we'll be making that announcement in the coming months for what the -- what the upcoming dividend growth is, and then the balance of cash flow is going through share repo. We're pretty comfortable with our debt profile. So it's really focused on giving all this cash back to shareholders.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Got it. And then with the last minute we have, Prashanth and/or Mike, based on the recent conversations you've been having with the analyst community, the investor community, what about the ADI story, do you think it's either overlooked or underappreciated, if anything?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Yes, I would say that the value of our human capital and I say that because the availability of analog engineering talent continues to be a very scarce resource. And this is an asset that doesn't necessarily monetize itself on the balance sheet, where someone can really appreciate the value that you have, but the strength of our engineering talent, the addition of the great engineering talent we are acquiring from Maxim, the decline in availability of analog engineering talent in the ecosystem and at our customers, all of this is continuing to work out in a way that's going to -- we've got a very valuable -- we've got a very valuable asset there that is going to continue to drive wealth for our shareholders in the years to come and I think it is very hard for competitors to catch up with what we'll be able to do.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Wonderful. With that, I think we're out of time. Prashanth, Mike, thank you so much for attending the conference, and thank you to all the clients, investors that have joined us this morning as well. Thank you.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Senior VP of Finance & CFO*

Thank you.

Michael C. Lucarelli - *Analog Devices, Inc. - Senior Director of IR*

Thank you, Toshi.

Toshiya Hari - *Goldman Sachs Group, Inc., Research Division - MD*

Take care.